GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:4354
ANSWERED ON:11.08.2016
Fund Allocation to PRIs
Kachhadia Shri Naranbhai;Pandey Shri Hari Om

Will the Minister of PANCHAYATI RAJ be pleased to state:

a) whether the Government proposes to revamp the "Fund Allocation Mechanism to Panchayati Raj Institutions" in the country in the near future, if so, the details thereof, and if not, the reasons therefor; and

b) the extent to which this revamping exercise will help to strengthen the Panchayati Raj System in the country and its accountability?

Answer

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ
(SHRI PARSHOTTAM RUPALA)

(a): Under the Fourteenth Finance Commission (FFC) award, grants to the tune of Rs. 2,00,292.20 crore for the period from 2015 to 2020 are being devolved to Gram Panchayats (GPs) constituted under Part IX of the Constitution amounting to assistance of Rs. 488 per capita per annum at an aggregate level to ensure stable flow of funds at regular intervals to augment their resources to provide basic services, technical and administrative support towards operations and maintenance, creation of reliable data base of local bodies' receipts and expenditure through audited accounts and for improvement of own source revenue of the Gram Panchayats. These grants are being devolved only to GPs being directly responsible for delivery of basic services without any share for other two levels. The grants are allocated and released to various States by the Ministry of Finance (MoF) in accordance with the guidelines dated 8-10-2015 issued by that Ministry. State Governments need to transfer Basic Grants to GPs within 15 days on receipt from MoF after which State Government has to pay penal interest for the delayed period to GPs at Bank rate from its own resources.

(b): Ten percent of the total grants are Performance grants designed to incentivize GPs which have their accounts audited and also show increase in their own source revenue every year. Further, the Government provides proactive support to States to develop convergent local development plans, capacity building of elected representatives, Panchayat functionaries and other stakeholders, improving institutional support structures and for developing state specific budgeting, accounting and auditing manuals to improve the functioning of these grassroots level local self-governments for proper and efficient utilization of resources. Besides, to facilitate better monitoring of the release and utilization of grants and progress of preparation and approval of Gram Panchayat Development Plan (GPDP), an online system (MIS) has been developed and is reviewed periodically with the States. PRIASoft and PlanPlus are the two important Applications under e-Panchayat Mission Mode Project developed by the Ministry for adoption by the States that foster transparency and accountability in the functioning of Panchayati Raj Institutions.

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